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ANNUAL  
REPORT  
1 9 6 9

For the year to December 31st

MACLEAN-HUNTER LIMITED

Magazines • Business Publications • Industrial and Trade Shows • Television • Cable TV • Radio • Printing • Design



## Directors of the Company:

Donald F. Hunter  
Chairman of the Board and President

Donald G. Campbell  
Executive Vice-President  
Broadcasting and Cable TV

J. Lin Craig  
Executive Vice-President  
Business Publications, Industrial and Trade Shows,  
Design Craft, U.S. and Britain

Ronald A. McEachern  
Executive Vice-President  
The Financial Post and consumer magazines

George W. Gilmour  
Vice-President  
Business Publications Division

Edward Nymark  
Vice-President  
Printing Division

F. Gerald Brander  
Publisher  
Maclean's and Le Magazine Maclean

Floyd S. Chalmers, S.M., LL.D., Litt.D., F.I.A.L.

Lloyd M. Hodgkinson  
Publisher  
Chatelaine, Châtelaine and Miss Chatelaine

Frederick T. Metcalf  
President  
Maclean-Hunter Cable TV Limited

Robert W. Robertson  
Publisher, Group A  
Business Publications Division



## The Year 1969 At a Glance

	1969	1968	% Increase or (Decrease)
Revenue	<b>\$58,500,000</b>	\$47,669,000	22.7
Operating expenses (except depreciation)	<b>49,638,000</b>	42,436,000	17.0
Consolidated net income for the year			
—total	<b>3,335,000</b>	1,946,000	71.4
—per share	<b>83.4c</b>	48.7c	71.4
—percent of revenue	<b>5.7</b>	4.1	
Total dividends paid	<b>1,110,000</b>	1,110,000	
On Class B stock per share	<b>25.5c</b>	25.5c	
On Common stock per share	<b>30.0c</b>	30.0c	
Total assets	<b>46,711,000*</b>	31,223,000	49.6
Current assets	<b>15,873,000*</b>	9,440,000	68.1
Investments — at cost	<b>857,000</b>	1,727,000	(50.4)
Properties — at cost less depreciation	<b>16,349,000</b>	11,665,000	40.2
Current liabilities	<b>11,366,000*</b>	7,411,000	53.4
Unearned revenue	<b>9,231,000</b>	8,065,000	14.5
Long-term debt	<b>7,500,000*</b>	6,007,000	24.9
Shareholders' equity	<b>11,597,000*</b>	9,091,000	27.6
Working capital	<b>4,507,000*</b>	2,029,000	122.1

\*Pro-forma figures have been used. See note 2 to the consolidated financial statements.



# The President's Report to the Shareholders

Your company set new records in revenue and income during 1969, with virtually all divisions and subsidiaries contributing to the increases. These results are particularly gratifying after the slowdown in 1968.

Revenue increased to \$58,500,000 from \$47,669,000, and consolidated net income to \$3,335,000 (83.4c per share) from \$1,946,000 (48.7c per share) in the previous year.

Maclean's Magazine, which began 1969 with its new, standard magazine page size, showed an increase of nearly 25% in total number of advertising pages, substantially more revenue in dollar terms and circulation increased from 708,500 to 732,292. The tighter business climate and cutback in some national advertising schedules indicate that 1970 will not be an easy year, but the foundations for Maclean's as Canada's national magazine are very strong.

Le Magazine Maclean had more advertising in 1969 than in the previous year and its circulation is around 175,000.

Chatelaine, for the first time in history, recorded press runs over one million in every month in 1969. Advertising linage was down 8.9% but 1970 advertising prospects for this publication are good.

The French-language edition, Châtelaine, maintained its circulation at the 265,000 level. Advertising linage was down 8.8% from the previous year but the first quarter of 1970 is 15% ahead of last year and gains for the rest of this year are strongly indicated.

During 1969, Miss Chatelaine published four issues in standard magazine page size. Both circulation and advertising linage increased. Retailers have accepted Miss Chatelaine as the basic fashion influence for girls, and six issues are planned for 1970.

The Financial Post recorded increases in both advertising linage and revenue and in circulation.

Computerization of FP's exclusive stock-market quotations was done during the year. The FP Quotations are the only report in Canada which reflects trading volume and pricing on stock exchanges in Montreal, Toronto, Winnipeg, Calgary and Vancouver. All other stock reports in Canada show volume and pricing on one exchange only. The FP Quotations, accurately reflecting the whole Canadian stock trading picture, were previously done by clerical methods. The computer now performs this complicated task with great speed and accuracy.

During the year we discontinued the magazine Hostess due to insufficient advertising and the greatly increased postal rates.

The announcement that postal rate increases scheduled for 1970 have been deferred is welcome news.

The Business Publications Division now produces 68 business publications in Canada: 44 of them in the English language, 10 in the French language and 14 annuals. The Division showed an increase in advertising linage over 1968.

During the year, Canadian Datasystems was started to serve the users and potential users of data processing and computing equipment. This publication has obviously filled an important vacuum in the Canadian market. This is reflected in a high initial subscription sale and strong advertising support.

During the year, the publication "Electron" and the related trade show "Hi-Fi Home Entertainment

Show" were purchased. Both the publication and the show are designed to reach television and hi-fi technicians and sophisticated amateur equipment builders.

The Book Department operated by the Business Publications Division went through what might be called the "start-up year" in 1969. In 1970, it expects to publish 16 books or texts in technical and educational fields related to those fields which we also service in our business publications. The outlook for this new venture is favorable.

The general outlook for Maclean-Hunter business publications is healthy and encouraging. The pressing demands for vital business intelligence coming from business today can best be served through the professional business publications. The long-term outlook is also encouraging.

Careful attention is being given to the new technologies of communicating business information so that when they become practical they can be utilized as an extension of our existing services.

Starting with the very successful Montreal International Automobile Salon in January, the Maclean-Hunter Industrial and Trade Shows had their best year yet, with a total attendance of 397,552 and 2,232 exhibitors at 11 shows.

An example of coordination in communications was the seminar at the University of Toronto organized by the editors of Canadian Machinery in conjunction with the National Industrial Production and Machine Tool Show. More than 1,000 manufacturers and buyers of machinery attended the seminar.

For our Plastics Show, Design Craft Ltd., a wholly owned subsidiary, produced a three-bedroom house built almost entirely of plastic materials. Other Design Craft projects included such variety as in the restoration of Fort Beausejour in New Brunswick for the National & Historic Sites Board. Design Craft has obtained the Canadian license for a comprehensive and versatile exhibit system known as KLEM, invented in Vienna, and this is expected to be a valuable addition to its operation.

During the year, Canadian Advertising Checking Services was formed to provide a central checking facility for advertising agencies.

While there was a decrease in total U.S. industrial advertising pages in 1969, four of M-H's five U.S. business magazines gained space. Circulations of all our publications are larger and of higher quality.

In Britain, despite a gloomy start to the year, industrial investment in plant and services held up, and our publications shared in the activity, setting records in both revenues and profits. A new publication, Small Offset Printing, was introduced during the year. Our three European 50%-owned companies enjoyed a successful year.

In the printing division, 1969 volume was gratifying. In particular our web offset presses were in constant demand for color printing and we are continuing to expand our facilities in this direction.

A major step taken during the year was the re-financing of our community television antenna operations with the public issue of debentures and stock in Maclean-Hunter Cable TV Ltd., with your company retaining control with 60.4% of the common shares.

A total of \$14,520,000 was raised through the arrangements which were completed in January 1970,



90,000

and after paying off the substantial bank loans which have been necessary to finance our Cable TV expansion to date, there was a cash surplus of about \$3,200,000. This is being used to complete the new systems we are developing in the Toronto and St. Catharines areas in the next two years.

The major additions to our Cable TV operations during the year were the purchase of systems in Hamilton, London and Peterborough, and the approval of new licenses for the city of St. Catharines, the towns of Ajax, Pickering and Streetsville, and certain areas in the Township of Mississauga, near Toronto.

Maclean-Hunter Cable TV Ltd. now has 90,000 subscribers in 16 systems in Ontario and we anticipate that it will generate a good return over the long term. At the same time, we will be watching with interest the pronouncements of the Canadian Radio-Television Commission with regard to the content of programming, microwave distribution and the possibilities of advertising on Cable TV.

In the broadcasting field, the CRTC has proposed new standards designed to raise the Canadian content of radio and TV. We will do everything feasible to assist in the development and recognition of more Canadian talent.

Floyd S. Chalmers, Chairman of the Board since 1964, retired during the year, but continues as a director of the company. Frederick T. Metcalf, president of Maclean-Hunter Cable TV Limited, and Robert W. Robertson, publisher, Group A, Business Publications Division, were elected directors.

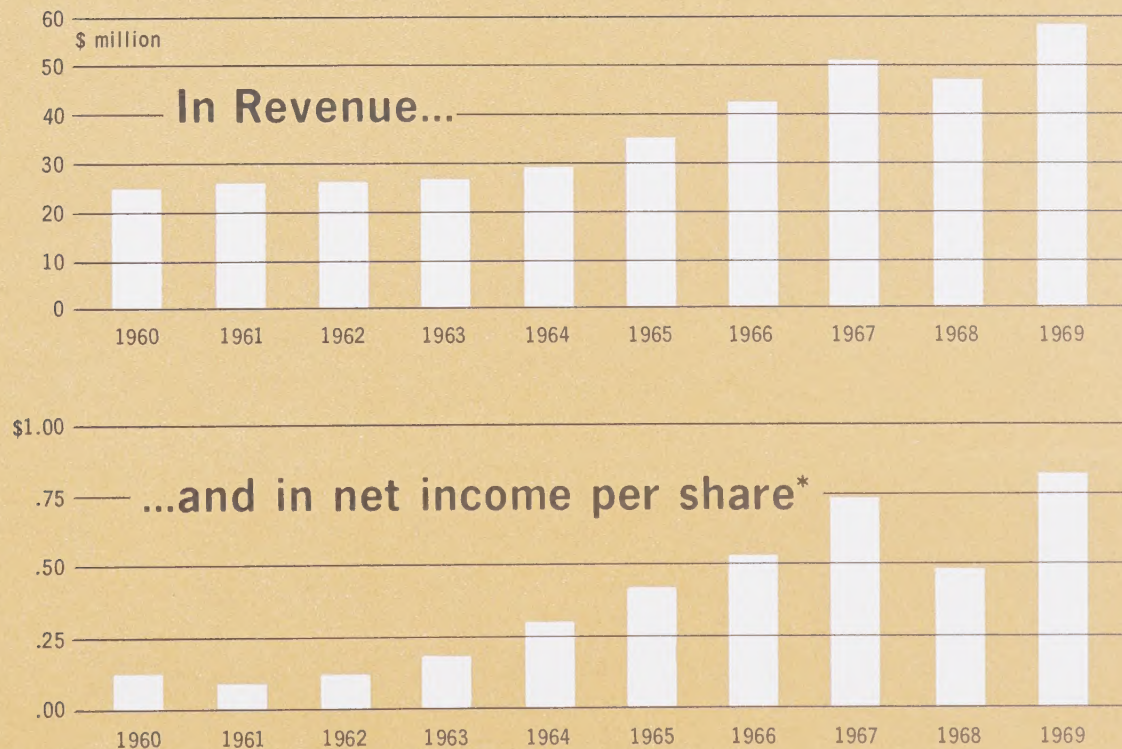
To all those employees who have contributed so much to the success of this company, on behalf of the Directors I say "Thank you again for a job well done."



*Donald F. Hunter*

Donald F. Hunter

## Maclean-Hunter's Record



\* All years adjusted to 4-for-1 share split



# Statement of Consolidated Income

For the year ended December 31, 1969  
(with comparative figures for 1968)

	1969	1968
Revenue	\$58,500,000	\$47,669,000
Add income from investments	89,000	24,000
	<u>58,589,000</u>	<u>47,693,000</u>
Operating expenses, except depreciation	49,638,000	42,436,000
Profit from operations before the following	<u>8,951,000</u>	<u>5,257,000</u>
Deduct:		
Depreciation	1,561,000	1,031,000
Interest expense (excluding \$121,000 charged to cable TV construction in 1969; \$70,000 in 1968)	774,000	392,000
Minority interest	32,000	26,000
	<u>2,367,000</u>	<u>1,449,000</u>
Income before income taxes and special item	6,584,000	3,808,000
Income taxes	3,503,000	1,973,000
Income before special item	<u>3,081,000</u>	<u>1,835,000</u>
Special item — income tax reductions resulting from the carry-forward of losses of prior years in certain subsidiary companies (note 3)	254,000	111,000
<b>Consolidated net income for the year</b>	<u><u>\$ 3,335,000</u></u>	<u><u>\$ 1,946,000</u></u>
Earnings per share of capital stock (Class B and common):		
Income before special item	77.0c	45.9c
Special item — income tax reductions	6.4	2.8
Consolidated net income	<u><u>83.4c</u></u>	<u><u>48.7c</u></u>

# Statement of Consolidated Retained Earnings

For the year ended December 31, 1969  
(with comparative figures for 1968)

	1969	1968
Retained earnings, beginning of year	\$ 8,591,000	\$ 7,848,000
Consolidated net income for the year	3,335,000	1,946,000
	<u>11,926,000</u>	<u>9,794,000</u>
Deduct:		
Dividends —		
On Class B shares — 25.5c per share in Class A shares subsequently redeemed in cash	510,000	510,000
On common shares — 30c per share in cash	600,000	600,000
	<u>1,110,000</u>	<u>1,110,000</u>
Tax paid on undistributed income	90,000	93,000
	<u>1,200,000</u>	<u>1,203,000</u>
<b>Retained earnings, end of year</b>	<u><u>\$10,726,000</u></u>	<u><u>\$ 8,591,000</u></u>

See accompanying notes.



# Statement of Consolidated Source and Application of Funds

For the year ended December 31, 1969 (with comparative figures for 1968)

	1969	1968	1969 Pro forma (note 2)
<b>Source of funds:</b>			
Operations —			
Consolidated net income for the year	\$ 3,335,000	\$ 1,946,000	\$ 3,335,000
Increase in unearned publishing revenue	1,166,000	1,109,000	1,166,000
Amounts deducted in arriving at consolidated net income which did not involve an outlay of funds:			
Depreciation	1,561,000	1,031,000	1,561,000
Deferred income taxes	25,000	60,000	25,000
Minority interest	32,000	26,000	32,000
Total funds from operations	6,119,000	4,172,000	6,119,000
Increase in long-term debt		2,797,000	7,500,000
Refundable federal 5% tax received or currently receivable	85,000	47,000	85,000
Minority interest and contributed surplus arising on acquisition of subsidiary and public financing	284,000		6,682,000
Reduction in investments	870,000		870,000
	<u>7,358,000</u>	<u>7,016,000</u>	<u>21,256,000</u>
<b>Application of funds:</b>			
Additions to properties (net)	6,245,000	3,694,000	6,245,000
Goodwill	5,326,000	861,000	5,326,000
Repayment of long-term debt	6,007,000		6,007,000
Dividends	1,110,000	1,110,000	1,110,000
Tax paid on undistributed income	90,000	93,000	90,000
Investments		417,000	
	<u>18,778,000</u>	<u>6,175,000</u>	<u>18,778,000</u>
Increase (decrease) in funds	(11,420,000)	841,000	2,478,000
Working capital, beginning of year	2,029,000	1,188,000	2,029,000
Working capital, end of year	<u>\$ (9,391,000)</u>	<u>\$ 2,029,000</u>	<u>\$ 4,507,000</u>
Represented by:			
Current assets	\$12,248,000	\$ 9,440,000	\$15,873,000
Less current liabilities	21,639,000	7,411,000	11,366,000
	<u>\$ (9,391,000)</u>	<u>\$ 2,029,000</u>	<u>\$ 4,507,000</u>

See accompanying notes.



# Maclean-Hunter Limited


(Incorporated under the laws of Ontario)

## Statement of Consolidated Financial Position

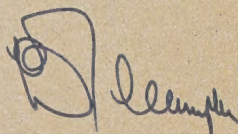
DECEMBER 31, 1969 (with comparative figures at December 31, 1968)

ASSETS	1969	1968	1969 Pro forma (note 2)
<b>Current:</b>			
Cash	\$ 423,000	\$ 462,000	\$ 4,048,000
Short-term investments at cost which is approximately market value	1,025,000	200,000	1,025,000
Accounts receivable	8,264,000	6,634,000	8,264,000
Inventories at the lower of cost and replacement cost	1,302,000	1,487,000	1,302,000
Prepaid expenses	1,234,000	657,000	1,234,000
Total current assets	12,248,000	9,440,000	15,873,000
<b>Refundable federal 5% tax</b>		85,000	
<b>Investments, at cost:</b>			
50% owned affiliated companies (note 4)	620,000	955,000	620,000
Other	237,000	772,000	237,000
Total investments	857,000	1,727,000	857,000
<b>Properties (note 5)</b>	16,349,000	11,665,000	16,349,000
<b>Goodwill (note 6)</b>	13,632,000	8,306,000	13,632,000
	<u>\$43,086,000</u>	<u>\$31,223,000</u>	<u>\$46,711,000</u>

On behalf of the Board:



Director



Director

See accompanying notes.



LIABILITIES	1969	1968	1969 Pro forma (note 2)
<b>Current:</b>			
Bank overdraft and loans due within one year	\$14,671,000	\$ 1,924,000	\$ 4,451,000
Accounts payable and accrued charges	3,687,000	3,839,000	3,687,000
Income and other taxes payable	2,220,000	1,370,000	2,167,000
Dividends payable	278,000	278,000	278,000
Debentures of subsidiary company due within one year	295,000		295,000
Unearned cable TV revenue	488,000		488,000
Total current liabilities	21,639,000	7,411,000	11,366,000
Unearned publishing revenue (note 7)	9,231,000	8,065,000	9,231,000
Long-term debt (note 8)		6,007,000	7,500,000
Deferred income taxes	480,000	455,000	480,000
Minority interest in subsidiary companies (note 9)	510,000	194,000	6,537,000
<b>Shareholders' equity (note 10):</b>			
Capital	500,000	500,000	500,000
Contributed surplus			371,000
Retained earnings (including tax-paid undistributed income of \$148,000 in 1969)	10,726,000	8,591,000	10,726,000
	11,226,000	9,091,000	11,597,000
	<u>\$43,086,000</u>	<u>\$31,223,000</u>	<u>\$46,711,000</u>

## Auditors' Report

To the Shareholders of Maclean-Hunter Limited:

We have examined the statement of consolidated financial position of Maclean-Hunter Limited and its subsidiaries as at December 31, 1969, and the statements of consolidated income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969, and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
February 18, 1970.

CLARKSON GORDON & CO.  
Chartered Accountants



# Notes to Consolidated Financial Statements December 31, 1969

## 1. Consolidation

The consolidated financial statements include the accounts of the following subsidiaries:

Wholly owned —

Maclean-Hunter Publishing Corporation (U.S.)  
Maclean-Hunter Limited (U.K.)  
Design-Craft Limited — Toronto (Canada)  
Greatlakes Broadcasting System Limited — Kitchener (Canada)  
Shoreacres Broadcasting Company Limited — Toronto (Canada)  
The Voice of the Prairies Limited — Calgary (Canada)  
CFCN Television Limited — Calgary (Canada)  
National Markets Reports, Inc. (U.S.)  
National Automotive Publishers, Ltd. — Toronto (Canada)

In excess of 50% owned —

Maclean-Hunter Cable TV Limited (Canada)  
Huron Cable TV Limited (Canada)  
Peterborough Cable Television Limited (Canada)

During 1969 the company acquired the remaining 50% interest in Greatlakes Broadcasting System Limited.

## 2. Pro forma adjustment for issue of securities subsequent to December 31, 1969

In January 1970, the subsidiary company, Maclean-Hunter Cable TV Limited, issued and sold the following securities through a public offering:

\$ 7,500,000	9% Sinking Fund Debentures Series A issued for	\$7,500,000
230,000	7% Cumulative Redeemable First Preference Shares Series A with a par value of \$20 each, at par	4,600,000
605,000	Common Shares with a par value of \$1 each at \$3.05 per share	1,845,250
		<u>13,945,250</u>
Financing costs were estimated at		100,000
Net proceeds		<u>\$13,845,250</u>

The net proceeds were applied to repay \$10,220,000 in bank indebtedness and the balance of \$3,625,250 was added to cash funds. A substantial portion of such cash funds will be used to complete the wiring of the subsidiary's cable TV systems.

A pro forma column has been added to the statement of consolidated financial position and the statement of consolidated source and application of funds to show the effect, as at December 31, 1969, of this financing. The issue of common shares to the public (at a price in excess of their book value) had the effect of increasing the Company's equity in the net assets of the subsidiary by \$371,000. This amount is recorded in the pro forma statement of consolidated financial position as contributed surplus.

## 3. Income tax reductions

The unused loss carry-forward in certain subsidiary companies is approximately \$500,000 as at December 31, 1969 and, when realized, will result in future income tax reductions of \$270,000.

## 4. Investment in 50% owned affiliated companies

The Company's share of the underlying equity of 50% owned affiliated companies amounted to \$363,000, compared with the carrying value of \$620,000 at cost, and the share of the net operating loss for 1969 amounted to \$5,000, according to the most recent financial information available at December 31, 1969. No provision has been made for accumulated losses of affiliated companies as they have been in a development stage.

## 5. Properties

	1969	1968
Assets at cost:		
Land .....	\$ 747,000	\$ 697,000
Buildings and equipment	24,261,000	23,739,000
Cable TV plant .....	8,834,000	2,902,000
	<u>33,095,000</u>	<u>26,641,000</u>
Less accumulated depreciation .....	17,493,000	15,673,000
	<u>15,602,000</u>	<u>10,968,000</u>
	<u>\$16,349,000</u>	<u>\$11,665,000</u>

Cable TV plant includes \$2,710,000 (\$1,603,000 in 1968) of assets paid for by the companies but held under leases from public utility companies for minimum original terms of ten years.

Depreciation is being provided on the following basis:

Buildings — 5% on diminishing balance  
Printing plant and cable TV plant — 10% straight line  
Other plant and equipment — 20% and 25% on diminishing balance.

## 6. Goodwill

This asset consists of the excess of the cost of acquiring predecessor businesses over the net book value of assets acquired.

## 7. Unearned publishing revenue

Revenue from publication subscriptions is taken into income over the terms of the various subscriptions. The related expenses of securing subscriptions (primarily direct mail and salesmen's commissions) are charged to income as incurred.

At December 31, 1969 the portion of paid subscriptions unearned for which services will be rendered within one year is approximately \$2,700,000.

Although this portion of the unearned subscription revenues should ordinarily be included in current liabilities in accordance with the recommendations of the Accounting and Auditing Research Committee of the Canadian Institute of Chartered Accountants, the Company has not followed this practice as working capital has already been reduced by the related expenses which approximate the subscription revenue received.

## 8. Long-term debt

	1968	1969 Pro forma
Maclean-Hunter Limited —		
Term bank loans .....	\$5,565,000	
Maclean-Hunter Cable TV Limited —		
9% Sinking Fund Debentures Series A due January 30, 1980 ...		\$7,500,000
Other subsidiary companies' loans, debentures and mortgages due in 1970 to 1972 .....	442,000	
	<u>\$6,007,000</u>	<u>\$7,500,000</u>

## 9. Minority interest in subsidiary companies

	1969	1968	1969 Pro forma
Minority interest in advances and preference shares .....	\$117,000	\$183,000	\$4,717,000
Minority interest in common shares, contributed surplus and retained earnings ..	393,000	11,000	1,820,000
	<u>\$510,000</u>	<u>\$194,000</u>	<u>\$6,537,000</u>



## Affiliated and Subsidiary Companies

### 100% owned — Accounts Consolidated

**CFCN Television Limited**, Calgary

The Voice of the Prairies Limited, Calgary

Own and operate TV stations CFCN in Calgary and Lethbridge, and radio station CFCN.

**Design Craft Limited**

Canada's leading firm of designers and exhibit builders.

**Greatlakes Broadcasting System Limited**

Owns and operates radio stations CFCO, Chatham, and CHYM and CHYM-FM, Kitchener-Waterloo.

**Maclean-Hunter Limited**, London

Publishes business periodicals in the United Kingdom.

**Maclean-Hunter Publishing Corporation**, Chicago

Publishes business periodicals in the United States.

**National Market Reports, Inc.**, Chicago

**National Automotive Publishers Ltd.**, Toronto

Publish valuation guides on used cars, trucks, and tractors, in Canada and the U.S.

**Shoreacres Broadcasting Company Limited**

Owns and operates radio station CKEY, Toronto.

### Less than 100% owned — Accounts Consolidated

**Maclean-Hunter Cable TV Limited**

Owns and operates cable television systems in St. Catharines, London, Hamilton, Guelph, Owen Sound-Meaford, Collingwood, Midland-Penetang, Huntsville and North Bay and in the Toronto area (Etobicoke, Parkdale, Streetsville-Malton and Ajax-Pickering). Subsidiary Huron Cable TV Limited operates systems in Sarnia and Wallaceburg, and subsidiary Peterborough Cable Television Limited operates in Peterborough.

### 50% owned — Accounts not Consolidated

**Orillia Broadcasting Limited**

Owns and operates radio station CFOR, Orillia.

**Trans-Canada Expositions Limited**

Produces Montreal Modern Living Show, Ottawa Modern Living Show and Quebec Education Show. Owned equally by Maclean-Hunter and Southam Business Publications Limited.

#### EUROPEAN COMPANIES

The following publishers of media information are owned equally by Maclean-Hunter and Standard Rate & Data Services, Inc., Skokie, Ill.

**Tarifmedia S.A.**, Paris, France

Publishers of Tarif Media.

**Media-daten, Verlagsgesellschaft mbH.**

Frankfurt, Germany

Publishers of Media-daten, Media Fakten and Media Address.

**Dati e Tariffe Pubblicitarie S.p.A.**

Milan, Italy

Publishers of Dati e Tariffe Pubblicitarie.

#### 10. Capital and dividends

Authorized capital:

39,158,125 Class A 3% non-cumulative non-voting redeemable shares with a par value of 20c each

2,000,000 Class B participating shares without par value

4,000,000 common shares without par value

Issued capital:

2,000,000 Class B shares } \$500,000

2,000,000 common shares }

During 1969, 2,550,000 Class A shares with a par value of 20c each were issued as stock dividends on Class B shares and redeemed at par. Dividends paid on Class B shares are equivalent to those paid on common shares after consideration of the special 15% tax paid by the Company on undistributed income.

#### 11. Contingent liabilities and commitments

(a) As at December 31, 1969, there were pending against the company lawsuits arising in the ordinary course of

business. Based on opinion of counsel retained in these lawsuits, management is of the opinion that recoveries, if any, by the plaintiffs will not be material and no provision for such has been made in the accounts.

(b) The company has guaranteed affiliated companies' bank loans of \$134,000 outstanding at December 31, 1969.

(c) Subsidiary companies are committed to make lease payments aggregating \$313,000 annually for periods of up to twenty years.

(d) The cable TV subsidiaries have entered into contracts for the construction and expansion of their systems over a period of time. While there is no commitment for specific amounts of expenditures, construction planned for 1970 is estimated at \$3,375,000.

#### 12. Statutory information

The aggregate direct remuneration of directors and senior officers (as defined in The Corporations Act, Ontario) amounted to \$642,000 in 1969; \$487,000 in 1968.



# Ten-Year Summary

('000 omitted)

	1969*	1969	1968	1967
Revenue	\$58,500	\$58,500	\$47,669	\$50,379
Income before the following items	\$ 8,145	\$ 8,145	\$ 4,839	\$ 6,873
Less: Income taxes	\$ 3,503	\$ 3,503	\$ 1,973	\$ 2,973
Add: Special item — income tax reductions	\$ 254	\$ 254	\$ 111	.....
Net flow of funds from operations	\$ 4,896	\$ 4,896	\$ 2,977	\$ 3,900
Less: Depreciation	\$ 1,561	\$ 1,561	\$ 1,031	\$ 907
Consolidated net income for the year	\$ 3,335	\$ 3,335	\$ 1,946	\$ 2,993
Consolidated net income as a percentage of revenue	5.7	5.7	4.1	5.9
Total dividends paid	\$ 1,110	\$ 1,110	\$ 1,110	\$ 1,203
On Class B stock per share**	25.5c	25.5c	25.5c	27.6c
On common stock per share**	30.0c	30.0c	30.0c	32.5c
Current assets	\$15,873	\$12,248	\$ 9,440	\$ 7,916
Less: Current liabilities	\$11,366	\$21,639	\$ 7,411	\$ 6,728
Working capital	\$ 4,507	\$ (9,391)	\$ 2,029	\$ 1,188
Ratio of current assets to current liabilities	1.4	.6	1.3	1.2
Total assets	\$46,711	\$43,086	\$31,223	\$26,054
Unearned revenue	\$ 9,231	\$ 9,231	\$ 8,065	\$ 6,956
Long-term debt	\$ 7,500	.....	\$ 6,007	\$ 3,210
Deferred income taxes	\$ 480	\$ 480	\$ 455	\$ 395
Minority interest in subsidiary companies	\$ 6,537	\$ 510	\$ 194	\$ 417
Shareholders' equity	\$11,597	\$11,226	\$ 9,091	\$ 8,348
Net flow of funds from operations	\$1.22	\$ 1.22	74.4c	97.5c
Consolidated net income	83.4c	83.4c	48.7c	74.8c
Dividends paid	30.0c	30.0c	30.0c	32.5c

\*Pro forma position for issue of securities subsequent to December 31, 1969. Year-end financial position has been restated financial statements.

\*\*Assuming present capitalization of 4,000,000 shares (2,000,000 common and 2,000,000 Class B) for all years. Shares were fir



1966	1965	1964	1963	1962	Total	1965
\$42,633	\$34,543	\$29,169	\$26,300	\$26,006	\$25,855	\$24,454
\$ 4,989	\$ 4,226	\$ 3,163	\$ 2,251	\$ 1,854	\$ 1,530	\$ 1,956
\$ 2,088	\$ 1,891	\$ 1,326	\$ 830	\$ 576	\$ 431	\$ 653
.....	.....	.....	.....	.....	.....	.....
\$ 2,901	\$ 2,335	\$ 1,837	\$ 1,421	\$ 1,278	\$ 1,099	\$ 1,303
\$ 755	\$ 617	\$ 638	\$ 664	\$ 724	\$ 725	\$ 777
\$ 2,146	\$ 1,718	\$ 1,199	\$ 757	\$ 554	\$ 374	\$ 526
5.0	5.0	4.1	2.9	2.1	1.5	2.2
\$ 936	\$ 855	\$ 890	\$ 715	\$ 1,720	\$ 40	\$ 40
21.8c	20.3c	.....	.....	.....	.....	.....
25.0c	22.5c	.....	.....	.....	.....	.....
\$ 9,178	\$ 7,969	\$ 5,947	\$ 5,855	\$ 4,486	\$4,487	\$ 3,730
\$ 6,055	\$ 4,580	\$ 2,823	\$ 2,557	\$ 1,869	\$ 1,901	\$ 1,846
\$ 3,123	\$ 3,389	\$ 3,124	\$ 3,298	\$ 2,617	\$ 2,586	\$ 1,884
1.5	1.7	2.1	2.3	2.4	2.4	2.0
\$25,157	\$16,355	\$13,520	\$13,481	\$12,562	\$12,916	\$11,916
\$ 6,447	\$ 5,686	\$ 4,902	\$ 4,774	\$ 4,419	\$ 3,718	\$ 3,101
\$ 5,376	\$ 421	\$ 442	.....	.....	.....	.....
\$ 238	.....	.....	.....	.....	.....	.....
\$ 166	.....	.....	.....	.....	.....	.....
\$ 6,875	\$ 5,668	\$ 5,353	\$ 6,150	\$ 6,274	\$ 7,297	\$ 6,969
72.5c	58.4c	45.9c	35.5c	31.9c	27.5c	32.6c
53.6c	42.9c	30.0c	18.9c	13.8c	9.3c	13.1c
25.0c	22.5c	22.5c	17.9c	43.0c	1.0c	1.0c

per note 2 to the consolidated

ered to the public in March 1965.



# Macleans-Hunter's Roster of Publications

## Magazines

Macleans Magazine  
Chatelaine  
Miss Chatelaine

**Published in French**  
Le Magazine Maclean  
Châtelaine

## The Financial Post

The Financial Post

**The Financial Post Annuals**  
Directory of Directors  
Financial Post World Wide  
Survey of Industrials  
Survey of Investment Funds  
Survey of Markets  
Survey of Mines  
Survey of Oils

**Financial Post Magazines**

## Specialty Business Publications

Building Supply Dealer  
Bus & Truck Transport  
Canadian Advertising Rates & Data  
Canadian Automotive Trade  
Canadian Aviation  
Canadian Building  
Canadian Controls & Instrumentation  
Canadian Datasystems  
Canadian Electronics Engineering  
Canadian Grocer  
Canadian Hotel & Restaurant  
Canadian Interiors  
Canadian Jeweller  
Canadian Machinery & Metalworking  
Canadian Packaging  
Canadian Paint & Finishing  
Canadian Photography  
Canadian Printer and Publisher  
Canadian Pulp and Paper Industry  
Canadian Red Book  
Canadian Research & Development  
Canadian Shipping and Marine Engineering News  
Canadian Travel Courier  
Canadian University & College  
Civic Administration  
Design Engineering  
Directory of Canada's Travel Industry (semi-annually)  
Drug Merchandising  
Electrical Contractor and Maintenance Supervisor  
Electron  
FOOD in Canada  
Hardware Merchandising  
Heavy Construction News  
Home Goods Retailing  
Marketing  
Materials Management & Distribution

Men's Wear of Canada  
Modern Power & Engineering  
Modern Purchasing  
Office Equipment & Methods  
Oilweek  
Outdoor Power Products  
Plant Administration & Engineering  
Progressive Plastics  
School Progress  
Style  
Teaching Aids Digest (semi-annually)  
The Medical Post

**Published in French**  
Bâtiment  
Cités et Villes  
L'ACHETEUR  
L'épicier  
Le BUREAU  
Le Pharmacien  
Le Quincaillier  
Québec Industriel  
Revue-Moteur  
Transport Commercial

**Annuals**  
Buyer's Guide to Plastics  
Canadian Controls & Instrumentation Buyers' Guide  
Canadian Industry Shows & Exhibitions  
Canadian Service Data Book  
Canadian Special Truck Equipment Manual  
Fraser's Canadian Shoe and Leather Directory  
Fraser's Canadian Textile Apparel and Variety Goods Directory  
Fraser's Canadian Trade Directory  
Hardware Merchandising's Hardware Handbook  
Materials Handling Handbook  
School Progress Reference Directory and Buyers' Guide  
The National List of Advertisers

## Published in U.K.

British Printer  
British Printer Specification Manual  
British Rate and Data  
British Rate and Data Media Atlas (annual)  
Business Systems & Equipment  
Modern Purchasing  
Packaging News  
Ports & Terminals  
Small Offset Printing  
Travel Agency

## Published in U.S.A.

Boxboard Containers  
Coal Mining & Processing  
Concrete Products  
Inland Printer/American Lithographer  
Rock Products  
Farm Tractor and Implement Blue Book  
Red Book of Official Used Car Valuations  
Truck Blue Book



# Other Services of Maclean-Hunter

## The Financial Post Services

FP Corporation Service is the authoritative source of investment information on Canadian companies, with separate services available for industrials, mines and oils, and partial services for selected companies.

FP Computer Services supplies important investment tools used by security analysts. Examples: (1) Key balance sheet and income account ratios of nearly 300 Canadian corporations on both annual and quarterly basis, provided in a printed service; (2) The same base is computer-stored and is available to subscribers to the IBM Canada Limited FAST (financial analysts service terminal) time-sharing service; (3) A daily base of volume, high, low and closing prices, earnings and dividends, on all Canadian stock exchanges; (4) Other programs have been developed to measure portfolio performance and to chart the results entirely by computer.

## Canadian Advertising Checking Services

A new centralized, professional service for advertising agencies or direct clients. All print media quickly and accurately checked to verify that advertising appeared as ordered.

## Canadian Press Clipping Service

Every Canadian newspaper and all periodicals published in Canada, French or English language, covered on any topic.

## Commercial Printing Division

Covers the full range of printed material: periodicals, house magazines, catalogues, reports, advertising and promotional matter.

## Direct Mail Services

Mailing lists based on circulation of Maclean-Hunter business publications reach specific job functions in business, industry, retail trades and education. More than 600,000 readers in 800 classifications. Printing, addressing, inserting and postage services included.

## Maclean-Hunter Research Bureau

The Bureau's quarterly survey on Canadian Consumer Buying Intentions is an authoritative forecast of great value to business and industry. Market reports available on many products and services; specific market surveys provided on a fee basis.

## Exhibits and Displays

Canada's complete exhibit service for temporary or permanent use: full-scale displays or models and animation, special projects and rental of furniture, draperies etc.

## Textbooks and Reference Books

Designed to produce technical and scientific textbooks for the Canadian education market, and to serve book needs of business and industry.

## Shows and Exhibitions

Atlantic Education Showplace  
Canadian Computer Show  
Canadian Construction Show  
Canadian Education Showplace  
Canadian Graphic Arts Show  
Canadian Launderers & Dry Cleaners Show  
Canadian Marketing Show  
Canadian Plant Engineering Show  
Materials Handling & Distribution Show  
Montreal International Automobile Salon  
Le Salon International de l'Automobile de Montréal  
National Industrial Production & Machine Tool Show  
Pacific Education Showplace  
Plastics Show of Canada  
Salon de l'épicerie  
Supermarket Show  
The Association of Hospitals of the Province of  
Quebec Convention-Exhibition  
Congrès-Exposition de l'Association des Hôpitaux de  
la Province de Québec  
Toronto International Auto Show  
Woodworking Machinery & Supply Show

## Also:

Modern Living Shows in Montreal and Ottawa, and the  
Quebec Education Show (in equal partnership with  
Southam Business Publications Ltd.)

In Britain: Ports & Terminals Exhibition

In Toronto: Hi-Fi Home Entertainment Show



Chatelaine editors and writers talk to many people in their search for interesting facts and opinion for their more than two million women readers in Canada. Editor Doris Anderson (far right) with author Han Suyin.



Staff member Annabelle King discusses Chatelaine project Home '69 on site with builder.

An editor of French-language Châtelaine, Hélène Pilotte interviews Prime Minister Trudeau, with press attache Alan Donnelly present.





The Financial Post, Canada's national journal of business, investment and public affairs, expanded its coverage and Magazine editor Arden Gayman accepts a plaque from actor Tony Curtis recognizing editorial excellence in reporting male fashion news in North America, the only Canadian publication to be so honored.



Editor Peter Gzowski (left) and production editor Norman Bonisteel discuss an issue of Maclean's with special projects editor Cathy Wiseman and art director Jon Eby.





Nova Scotia Education Minister, Gerald J. Doucet, inspects a display at the Canadian Education Showplace in Toronto, Canada's largest annual exhibition of school equipment and supplies, managed and produced by Maclean-Hunter's Industrial and Trade Shows.

More than 60,000 persons paid to see the 1969 Montreal Home Show at Place Bonaventure.







Conferences and seminars are becoming an important adjunct to shows and exhibitions. Dr. Alan M. Thomas, left, director of the Canadian Association for Adult Education, is chairman of a panel at Canadian Education Showplace's international conference.

Design Craft Ltd. produced this float for Metropolitan Toronto's participation in the Grey Cup parade in Montreal.





In this ad, Maclean-Hunter paid tribute to editors who gained national recognition by winning awards in business journalism. (right)



Officials of Maclean-Hunter subsidiaries in Britain and U.S. are there when there's action. J. M. Madden (centre above) district sales manager of the U.S. Coal Mining & Processing stands inside a section of 180 cu. yd. stripping shovel; (right) Coal Mining's editor D. C. Jones goes underground.



Ronald R. Barnes, chairman of the board of Maclean-Hunter Ltd., London, Eng., and Mrs. Barnes, watch as the Lord Mayor of Manchester and Lady Mayoress sign the book at the opening of the International Freighter Exhibition produced by the London subsidiary's Exhibition Department.







Hon. E. C. Manning, former Premier of Alberta, presents award to Bruce Glassford and Jim Vernon.



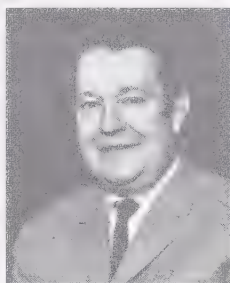
James Young



Eric Axelson



C. Barry Kay



Robert Henry



David Piper



John M. Bellinger

# KENNETH R. WILSON MEMORIAL AWARDS

**The Kenneth R. Wilson Memorial Awards, presented annually, recognize outstanding excellence and leadership in the field of business journalism.**

Maclean-Hunter editors this year won first place in four of the eight categories, and five honorable mentions. The first place winners were: James Young, Design Engineering, for Best Industrial or Technical Article; Robert Henry, Bâtiment, Best General Article; Bruce Glassford and Jim Vernon, Modern Power & Engineering, co-winners, Best Issue of a Publication; C. Barry Kay, Canadian Paint and Finishing, Most Improved Publication. Honorable mentions went to: Eric Axelson, Canadian Shipping & Marine Engineering News, in the Best Editorial category; Jim Vernon, Modern Power & Engineering, in the Industrial and Technical category; Bruce Glassford, Modern Power & Engineering, in the Professional category; David Piper and John Bellinger, Canadian Interiors, in the Graphics category.

Editorial excellence like this commands attention in any business market and this is why successful advertisers choose the business publications that have the best editorial quality. The business publishing industry has recognized outstanding editorial performance over the years in the Kenneth R. Wilson Memorial Awards, and we at Maclean-Hunter have played our part in this and other competitions — close to 90 awards in the past 12 years, many of them in international competition. There are many other good reasons why progressive companies turn to Maclean-Hunter to get their story across. For full information on how our business publications can help you, call one of our advertising sales representatives today.



**MACLEAN-HUNTER LIMITED**  
481 University Ave., Toronto 2    2055 Peel Street, Montreal 2    1030 West George St., Vancouver 5



The 500-foot master antenna of Maclean-Hunter Cable TV Ltd. in west Toronto is a skyline reminder that the company has 16 community antenna television systems serving some 90,000 subscribers.

Before a community can be serviced, the area is carefully plotted on a map for cable lines and connections.







590/CKEY, Maclean-Hunter's Toronto radio station, has developed a system of objective music selection, based on guidelines developed from extensive research on music tastes. Selected music is translated into a consistent program pattern with the aid of a computer, which provides repetitive judgement as to order sequence and pacing. This year, a newly formed subsidiary called CPS/Music began offering this unique service to broadcasters across Canada. Here, Eric Kidson, M-H Systems Manager, reviews music read-out sheets with CKEY Program Manager, Gene Kirby.

Broadcast House is the home of CFCN-TV and radio, Calgary. In the foreground is the heliport landing pad, with CFCN's two mobile vans (one fully colored) in the background.





# Officers and Directors

\*Director

## Maclean-Hunter Limited Toronto

- \*Donald F. Hunter  
*Chairman of the Board and  
President*
- \*Donald G. Campbell  
*Executive Vice-President*
- \*J. Lin Craig  
*Executive Vice-President*
- \*Ronald A. McEachern  
*Executive Vice-President*
- \*George W. Gilmour  
*Vice-President,  
Business Publications*
- \*Edward Nymark  
*Vice-President, Printing Division*
- \*F. Gerald Brander
- \*Floyd S. Chalmers, S.M., LL.D.,  
F.R.S.C., F.R.S.E., F.R.S.
- \*Lloyd M. Hodgkinson
- \*Frederick T. Metcalf
- \*Robert W. Robertson  
W. Gill Bailey  
*Secretary*  
Lorne R. Clark  
*Controller and Treasurer*

## Shoreacres Broadcasting Company Limited, Toronto

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*Chairman of the Board*
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*President*
- \*Douglas C. Trowell  
*Vice-President and  
General Manager*
- \*Stuart C. Brandy  
*Vice-President, Sales*
- \*Ronald A. McEachern  
W. Gill Bailey  
*Secretary*  
Dorman G. Ulens  
*Treasurer*

## Maclean-Hunter Cable TV Limited, Toronto

- \*Donald G. Campbell  
*Chairman of the Board*
- \*Frederick T. Metcalf  
*President*
- \*A. Ross MacGregor  
*General Manager*
- \*W. Gill Bailey  
*Secretary*
- \*Lorne R. Clark  
*Treasurer*

## Maclean-Hunter Limited London, England

- \*Ronald R. Barnes  
*Chairman of the Board*
- \*J. Lin Craig  
*Deputy Chairman*
- \*Theo R. Van Beek  
*Managing Director*
- \*James H. Bedford  
*Managing Director,  
Canadian Publications*
- \*George M. James  
*Group Publisher*  
Miss M. Price  
*Secretary*

## Maclean-Hunter Publishing Corporation, Chicago

- \*Donald F. Hunter  
*Chairman of the Board*
- \*Joseph J. O'Neill  
*President and Treasurer*
- \*Miss M. J. Sylvester  
*Secretary*
- \*J. Lin Craig
- \*George W. Gilmour

## National Market Reports, Inc., Chicago

- \*Joseph J. O'Neill  
*Chairman of the Board*
- \*John F. Heffinger  
*President*
- \*Miss M. J. Sylvester  
*Secretary-Treasurer*
- \*J. Lin Craig
- \*Donald F. Hunter

## National Automotive Publishers Limited Toronto

- \*Donald F. Hunter  
*Chairman of the Board*
- \*J. Lin Craig  
*President*
- \*John F. Heffinger  
W. Gill Bailey  
*Secretary*  
Miss M. J. Sylvester  
*Treasurer*

## Design Craft Limited Toronto

- \*Donald F. Hunter  
*Chairman of the Board*
- \*J. Lin Craig  
*President*
- \*John A. Fisher  
*General Manager*
- \*Lorne R. Clark  
*Secretary-Treasurer*

## Greatlakes Broadcasting System Limited Kitchener-Chatham

- \*Donald F. Hunter  
*Chairman of the Board*
- \*Donald G. Campbell  
*President*
- \*W. Gill Bailey  
*Secretary*
- \*Lorne R. Clark  
*Treasurer*

## CFCN Television Limited Calgary

- H. Gordon Love, D.U.C.  
*Honorary Chairman*
- \*Edward W. Chapman  
*President*
- \*Robert W. Lamb  
*Vice-President*
- \*Donald G. Campbell
- \*Donald F. Hunter
- \*James A. Love
- \*J. Edward O'Connor  
G. J. Luciani  
*Controller*

## The Voice of the Prairies Limited, Calgary

- H. Gordon Love, D.U.C.  
*Honorary Chairman*
- \*Edward W. Chapman  
*President*
- \*Robert W. Lamb  
*Vice-President*
- \*Donald G. Campbell
- \*Donald F. Hunter
- \*William N. Love
- \*J. Edward O'Connor  
G. J. Luciani  
*Controller*



**AR24**

**RESEARCH BRIEF**

**MACLEAN-HUNTER LIMITED**

Price

October 10, 1968 \$15

Earnings per share: 1967 \$0.74  
1968 (est.) \$0.48  
1969 (proj.) \$0.65

P.E. Ratio (on 1968 est.) 31.3X  
(on 1969 proj.) 23.1X

Indicated dividend \$0.30

Yield 2.0%

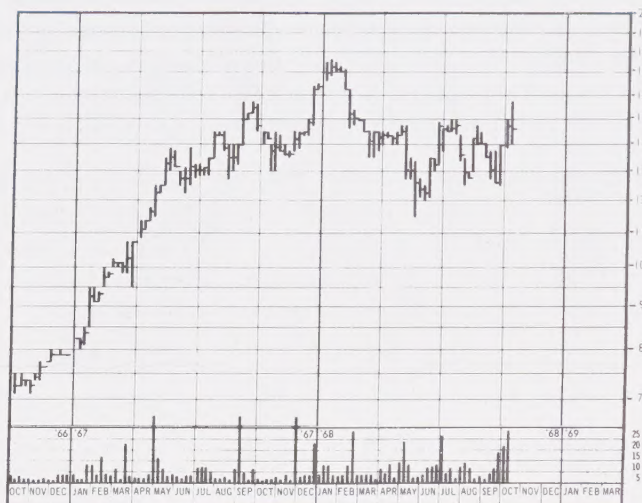


Chart Courtesy Investors Stock Charts Ltd.

The Company Maclean-Hunter Limited ("Maclean-Hunter") is Canada's leading publisher of national periodicals which include the Financial Post, Maclean's Magazine and Chatelaine, the latter two with French editions. It also publishes over 75 trade journals and other business publications in Canada, the United States, the United Kingdom and Europe through wholly owned subsidiaries and affiliated companies. Other activities include the operation of a commercial printing division, trade and industrial shows as well as the provision of various other services.

The Company in recent years has expanded its interests in the high growth area of broadcasting, which has repeatedly increased its share of the advertising dollar. In addition, the Company has committed itself to large investments in cable television through its subsidiary, Maclean-Hunter Cable T.V. Ltd.

Sales In the past five year period from 1962 to 1967, Maclean-Hunter's sales have grown from \$26.0 million to \$49.6 million or at an average annual growth rate of 13.8%.

(\$'000)								
Actual							Est.	Proj.
Years ending Dec. 31	1962	1963	1964	1965	1966	1967	1968	1969
Net sales	\$26,006	\$26,299	\$29,169	\$34,343	\$42,633	\$49,569	\$48,500	\$53,500
% increase	6.2%	1.1%	10.9%	18.4%	23.4%	16.3%	(2.2%)	10.3%

Advertising in business and consumer publications, generally, is very sensitive to business conditions, although there is normally a lag of about six months between the time that business uncertainty arises and the time that advertising budgets are cut. Expectations of an economic slowdown in business activity in 1968 coupled with the loss of non-recurring revenue derived from Centennial Year and Expo '67 have resulted in a decline in the Company's advertising lineage over the first six months of the year. We estimate sales at \$48.5 million for the current year, down about 2% from \$49.6 million in 1967. It would appear, however, that with business activity more buoyant than previously anticipated, advertising expenditures by industry are again on the upswing, and we would expect an improved performance for the Company in 1969 with sales increasing about 10% to \$53.5 million.

This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. The information set forth herein is drawn from company reports, Dominion Bureau of Statistics publications and other sources, but is not guaranteed as to accuracy or completeness and the furnishing thereof is not and under no circumstances is to be construed as a representation of Pitfield, Mackay, Ross & Company Limited. This report is furnished on the basis and understanding that Pitfield, Mackay, Ross & Company Limited is to be under no responsibility or liability whatsoever in respect thereof. The inventories of Pitfield, Mackay, Ross & Company Limited may from time to time include securities mentioned herein.



**Operating Profits** The Company's operating profit margin has increased steadily from 7.0% in 1962 to 14.0% in 1967. The Financial Post and Business Publications divisions are very profitable operations and their success is reflected in the operating profit margin improvement over the years. However, the Magazine division has not been able to offset mounting operating costs and continues to run at a loss. Overall results reflect the possibility of profit margin improvement which is inherent in this industry since increase in circulation and advertising rates coupled with gains in advertising lineage can, to a large extent, go straight through to net before taxes. This may work in reverse, however, as experienced with a decline in sales this year and a resulting squeeze on profit margins to about 9.9%. With the resumption of growth in sales expected in 1969, the Company's operating profit margin is expected to improve to about 12%.

**Net Earnings** In the period 1962 to 1967, net profit grew at an average rate of almost 40% per annum, rising from \$554,000 or \$0.14 per share to \$3.0 million or \$0.74 per share. Lower advertising revenues coupled with the pressure of rising costs, will result in a decline in earnings to about \$0.48 per share this year. In 1969, however, with advertising expenditures expected to again move upwards, we look for a considerable improvement in earnings, reaching about \$0.65 per share.

Years ending Dec. 31	Actual						Est.	Proj.
	1962	1963	1964	1965	1966	1967	1968	1969
Earnings per share	\$0.14	\$0.20	\$0.30	\$0.43	\$0.54	\$0.74	\$0.48	\$0.65
% increase	40.0%	20.0%	50.0%	30.2%	25.6%	37.0%	(35.1%)	35.4%

**Market Action** After Maclean-Hunter's shares were listed on the Toronto and Montreal Stock Exchanges in March, 1965, the price of the stock rose rapidly from about \$5 1/4 on an adjusted split basis to \$9 1/4. After consolidating in the \$7 to \$9 range, the stock continued its uptrend reaching an all time high of \$17 5/8 in January of this year. Since then, however, under pressure of the general market sell-off in March, 1968 and lower reported earnings for the first two quarters of this year, the stock has sold off to a low of \$11 1/2, and recovered slightly to trade in the \$13 to \$15 range. The market for the stock is thin, with technical support at the \$11 1/2 to \$12 1/2 price level.

Currently, at \$15, the stock is selling at 31.3 times our estimated earnings of \$0.48 for the current fiscal year and 23.1 times our estimate of \$0.65 for 1969. At this price the yield on the \$0.30 dividend is 2.0%.

**Comment** In the past five years, Maclean-Hunter's sales have increased nearly 14% per annum while earnings have shown an impressive growth rate of about 40%. These results reflect a cost structure in the communications industry which is highly levered since a large proportion of the Company's operating expenses are fixed costs. This leverage factor can have a negative impact, however, as witnessed in the Company's operations in 1968 where a slight decline in sales is expected to result in about a 35% drop in earnings to \$0.48 per share.

The outlook for 1969 is brighter as advertising expenditures are again on the upswing. The main contribution to earnings will continue to come from the profitable Financial Post and Business Publication divisions, while a reduction in losses is expected from the Magazine division. Hostess which incurred heavy start-up costs this year is expected to break even early in 1969 while losses from Maclean's Magazine should be cut, as its page is reduced to a size similar to that of Time Magazine. In addition, recent expansion into other segments of the communications field (i.e. broadcasting, cable television, textbook publishing) appear to make the longer term growth possibilities very attractive. Overall then, efforts to improve the profitability of existing operations coupled with further expansion into areas of high growth potential should result in renewed growth on a more diversified earnings base.

Despite lower earnings in the first half of this year, the stock price has held up well and at \$15 is currently trading at 31.3 times estimated earnings of \$0.48 for 1968. Historically, a multiple of this order is high; however, this may be partly attributed to expectations that earnings will recover in 1969. On estimated earnings of \$0.65 for 1969, the stock is then trading at 23.1 times earnings. We recommend that the stock be bought on weakness in the \$11 to \$13 range for medium to long term capital appreciation.

The following list includes the name of every director of Pitfield, Mackay, Ross & Company Limited and of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Pitfield, Mackay, Ross & Company Limited: W. C. Pitfield, E. F. C. Kinnear, R. L. Hunter, D. L. Torrey, K. A. Wright, H. H. Mackay, P. J. Smith, W. Y. Soper, J. M. Arbour, S. J. Langill, K. M. Sedgewick, J. M. McAvity, W. G. H. Pavey, D. J. Langill, H. A. Wheeler, D. C. Mackay, C. B. Loewen, A. F. MacAllaster, T. H. Baker, E. R. Pope, B. E. Thompson.



AR24

of source and application of funds for the first six months of this year.

Dividends payable on July 30th, 1968 to shareholders of record July 8th, 1968 have been declared as follows:

Common Shares —  $7\frac{1}{2}c$  per share

Class B Shares —  $6\frac{3}{8}c$  per share payable as a stock dividend. After adding back the 15% tax that was paid, this payment is the equivalent of the cash dividend on the common shares.

Sincerely,

*Donald W. Hunter*

President.



MACLEAN-HUNTER

Report for the six months  
ended June 30, 1968

*file.*



# MACLEAN-HUNTER LIMITED

## CONSOLIDATED STATEMENT OF INCOME

	Three months ended June 30		Six months ended June 30	
	1968	1967	1968	1967
	— \$000		— \$000	
Net sales .....	\$12,495	\$13,998	\$23,423	\$24,572
Total expenses .....	11,320	11,919	21,516	21,283
Income before taxes .....	1,175	2,079	1,907	3,289
Income taxes .....	535	1,025	892	1,654
Net income .....	\$640	\$1,054	\$1,015	\$1,635
Dividends paid .....	\$300	\$250	\$600	\$500
Net income — per share .....	16.0c	26.4c	25.4c	40.9c
Dividends paid — per share .....	7.5c	6.25c	15.0c	12.5c

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Six months ended June 30, 1968	
	— \$000	th

### Source of Funds:

Operations —	
Net income for the six months .....	\$1,015
Increase in unearned revenue .....	308
Depreciation .....	455
Total funds from operations .....	\$1,778
Term loans .....	1,746
Other minor items (net) .....	81
	\$3,605

### Application of Funds:

Purchase of properties (net) .....	\$1,636
Dividends paid .....	555
Tax paid on undistributed income .....	94
Investments in affiliated companies (net) .....	338
	\$2,623
Increase in funds .....	\$982
Working capital, beginning of year .....	1,466
Working capital, end of six months .....	\$2,448
Represented by:	
Current assets .....	\$7,982
Less current liabilities .....	5,534
	\$2,448

Dear Shareholder:

As shown by the accompanying unaudited consolidated statement of income, net sales for the second quarter of this year were \$12,495,000 compared with \$13,998,000 for the second quarter of last year.

Net income for the quarter was \$640,000 or 16c per share as compared with \$1,054,000 or 26.3c in 1967. For the first six months, this year's net income was \$1,015,000 or 25.4c per share. This compares with \$1,635,000 or 40.9c per share for last year.

The slow-down in national advertising revenue continued into the second quarter for both broadcasting and print media. We were able to reduce costs during the quarter despite increased expenditures on cable television and new publishing ventures. The net income, however, is down from last year.

Effective May 1st, we purchased the remaining 50% equity in Greatlakes Broadcasting Company Limited subject to the approval of the Canadian Radio-Television Commission. Greatlakes owns and operates stations CHYM and CHYM-FM in Kitchener and CFCO in Chatham. A few months ago, Maclean-Hunter and Countryside Holdings Ltd. each purchased 50% of CFOR, Orillia from Greatlakes Broadcasting Company Limited. Approval for this has been granted by the CRTC.

The Company is establishing a Book Department which, in conjunction with The Ryerson Press, will produce and market a number of technical textbooks to meet the expanding demands from secondary schools and community colleges for technological information.

We are including, for the first time in our interim statements, an unaudited statement